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STATE PASS TO USTR PAUL BURKHEAD

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SUBJECT: TIFA UPDATE: GOK PLANS TO SEND TECHNICAL EXPERTS  
FOR TALKS IN FEBRUARY

¶1. (SBU) SUMMARY On December 18, Econoff met with Ministry of Commerce official Khalid Al-Azemi to discuss the ongoing Trade and Investment Framework Agreement (TIFA) discussions, and urged that technical experts be included in Kuwait's delegation scheduled to arrive for talks in February 2006 in Washington, DC. Al-Azemi stressed GOK progress on previously-identified issues of concern, and expressed optimism about the February talks. END SUMMARY

¶2. (SBU) On December 18, Econoff met with Ministry of Commerce (MOC) Controller of Foreign Relations Khalid Al-Azemi to discuss the status of the U.S.-Kuwait TIFA process and the upcoming Kuwaiti TIFA meetings with USTR sometime in February 2006. The Kuwaiti delegation will be headed by Commerce Undersecretary Hamid Al-Ghanim. Econoff urged that the GOK should include technical experts in the delegation who would be able to discuss the problem issues in detail with USTR experts. Al-Azemi agreed that such experts should be included.

¶3. (SBU) Al-Azemi stated that Kuwait has made significant progress on the core problem areas as identified by USTR - intellectual property rights (IPR); Kuwait's International Conformity Certification Program (ICCP) for imports; labor; and government procurement - and he was optimistic that USTR would acknowledge that progress. Econoff commended Al-Azemi for the GOK's progress on IPR enforcement and the drafting of a new labor law, but cautioned against too much optimism, reiterating that there is still much for Kuwait to do. Particularly, Econoff noted the importance, substantive as well as symbolic, of passing the new IPR and labor laws in evidence of Kuwait's commitment to economic reform.

¶4. (SBU) On IPR, Al-Azemi stated that the new draft IPR law, which he said would be TRIPS-compliant, should be submitted to the Parliament "soon." Econoff noted that actual passage of this new law, which includes provisions for jail sentences, would send the right kind of signal that Kuwait is serious about IPR. (NOTE: The GOK has showcased its draft IPR law for over a year, but has not yet submitted it to the Parliament for approval.)

¶5. (SBU) Al-Azemi stated that the ICCP program, a technical barrier to trade, will be discontinued in March 2006 when the contract with the administering company expires. Previously, the GOK had asked for technical assistance in devising a new, less restrictive replacement for the ICCP. Al-Azemi reiterated the request, indicating that the GOK appears to be wedded to the idea of having some sort of pre-inspection regime.

¶6. (SBU) The Council of Ministers recently endorsed a new labor law that would address many of the problems associated with Kuwait's current law, namely protection for domestic workers, union rights, and working hour limitations.

Al-Azemi stated that Ministry of Social and Labor Affairs Director of Foreign Relations Adnan Al-Omar is pushing for the law to be included on the Parliament's agenda "very soon," and regards its passage into law "as only a matter of time, maybe even before the (TIFA) meetings (in February)."

17. (SBU) Al-Azemi stated that the MOC sent a letter to the Council of Ministers explaining the need to reform Kuwait's government procurement system, and included a proposal to end the current practice of Kuwaiti firms having a mandated 15% price advantage in all tenders. He said, however, that the Council of Ministers had not responded to the letter and that he did not know whether the proposal is likely to be adopted.  
TUELLER